Exhibit B

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CDK - Q1 2020 CDK Global Inc Earnings Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Q1 fiscal 2020 CDK earnings conference call. (Operator Instructions) I would now like to turn the conference over to your host, Ms. Julie Schlueter, CDK Global, Inc. Director of Investor Relations. You may begin.

Julie Schlueter - *CDK Global, Inc. - Director of IR*

Thank you, and good afternoon. I would like to welcome you to CDK's First Quarter of Fiscal 2020 Earnings Call. Joining me on today's call are CDK CEO, Brian Krzanich; and our CFO, Joe Tautges.

A few items before we get started. Throughout today's call, I would like to stress and make clear that we will be discussing our continuing operations only, which do not include the Digital Marketing Business that continues to be held for sale and presented as discontinued operations. This is consistent with our year-end fiscal 2019 reporting. Also consistent with our year-end fiscal 2019 reporting, any year-over-year or sequential comparisons are presented in accordance with ASC 606.

Beginning in the first quarter of fiscal year 2020, we adopted ASC 842 for lease accounting on a prospective basis. Finally, unless otherwise noted, all references to financial amounts are on a non-GAAP adjusted basis. Reconciliations of adjusted amounts to the most directly comparable GAAP amounts are included in this afternoon's press release and are available in the Investor Relations section of our website. Also available within the financial information section of our website is supplemental financial data, which contains quarterly data for the prior year in Excel format, including a breakdown of revenue by category.

I would like to remind everyone that remarks made during this conference call will contain forward-looking statements. These statements involve risks and uncertainties, including the risks detailed in our filings with the SEC, which could cause actual results to differ materially from those set forth in the forward-looking statements. And finally, we anticipate that our Form 10-Q will be available tomorrow.

With that, it is my pleasure to turn the call over to Brian.

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Thanks, Julie. And good afternoon, everyone. I'm excited to report to you our first quarter results today. Our results were very strong for revenue and profit for the quarter, and it's really proved to me that we're doing the right things from a strategic perspective. The team is quite focused on

continuing to pivot CDK towards customer-centric actions and believe that benefits of that to our dealers, our partners and our OEMs are clear in our performance. I want to thank all of our employees for rallying around that message and delivering the outstanding results they did this quarter.

The highlights of the quarter are as follows. We had revenue of $495 million, which was an 11% increase over Q1 of fiscal 2019. We were able to grow North America auto sites year-over-year by 37, the third quarter in a row with continued year-over-year site growth. EBITDA growth was 3%, and EPS was $0.79, up 5%. Overall, this was a very good quarter, and I'm pleased with the tremendous progress we've made.

Joe will provide more details on the quarterly results. And I would now like to stop back and reflect on the past year since I've joined CDK and share with you some observations about what we have accomplished and where I think we are headed. There are many strengths that were quite clear to me about CDK before I joined. Like the fact that it was a solid, global company with over 40 years of history and strong positions within its market. During this last year, I spent a lot of time with the CDK teams around the world as well as with our dealers to really understand the state of the business and where the opportunities were to better serve them. What I found within CDK was such an incredible hidden value. This is a company with great people, long-standing customer relations and sound technology but needed to be more customer and technology focused. And so I rolled out 3 strategic initiatives that I believe are making an impact this year and will improve the company quite significantly into the future.

Now let me get into these and tell you about all the work that we've done so far. It's really quite exciting. The 3 initiatives are centered around improving how we serve our customers, modernizing our technology and architecture and making it easier to do business with CDK.

Let's start with the first one, and how we're transforming the company to become even more customer centric and focused on improving how we engage with our customers. The very first thing we did to fix the customer support engagement model is simple, like answering the phones on the weekends when dealers are open to doing business. By increasing our support center hours, we are improving the way dealers engage with CDK each day as challenges arise in their dealerships. We then went out and found the right team of customer advocates and performance managers who really help our dealers maximize the value of their existing technology. We needed to improve our support of customers after they go live on our software to make a smoother transition, so we added a post-installation team, which arrives at this critical time to ensure that dealers and their employees can start off on the right foot when utilizing our software. In addition, we made several improvements to our customer service channels to make it easier for dealers to get the assistance and support they needed. We are finding new ideas every day on how to improve serving our customers.

But let me tell you about the results so far. They've exceeded my expectations on what I thought we could accomplish when I first joined the company. This is now our third consecutive quarter with growing North American auto sites. Before we did all this, sites have been declining year-over-year for 9 quarters in a row. This is phenomenal progress, and the impact has come sooner than I thought it would. We now have the highest base of North American auto and adjacency sites over the recorded history of the company with a total of 14,732 sites. In addition, North America sales were up strongly in the quarter. Our best first quarter for DMS sales in the company history, and I'm excited to report that our sales team won a 40-plus site dealer group in the quarter, our largest win in the past few years.

Now let's move on to the second initiative on how CDK is bringing the best technology to the market. We are focused on 2 areas: modernizing the architecture of the current technology; and second, building a technology ecosystem for the future. We are modernizing the technology across our platforms, including improvements in our product management capabilities and main software applications to make them open and API-driven, which will enhance their functionality and be consistent with our investments in the Fortellis API platform. We are working on a significant number of projects this year that are focused on reducing the number of software versions, streamlining the installations and improving the data access, which will not only benefit the dealers' experience and end-to-end workflows, but will also improve our ability quickly and easily innovate and maintain the software going forward.

One of the best examples of this is Drive Flex, the most open and technologically advanced DMS platform in the market. As you may recall, Flex has a modern and modular design, which looks more like a phone app with drop-down menus, autofills and walk-me buttons and is fully in the cloud with AWS. We have finalized the certification process with our second OEM. And in order to prepare for a broader rollout, we are being very methodical throughout our implementation process and are learning a lot about how to improve the products' capabilities and installation procedures. Given the long-term importance of this product, we firmly believe that investing the time and effort now is the best approach and will also really support a quicker ramp-up as we head into the fiscal 2021 and beyond.

All of this modernization and focus on API-driven architecture is putting us in a good position to realize our long-term vision for an open and agnostic technology environment and to grow our Fortellis API platform. I want to stress the importance of this platform to our industry. We need to prepare for a world beyond just auto sales to contemplate trends such as interoperability to allow cars, dealers and manufacturers -- and consumers to connect and use the data-driven decision engines built within our apps to drive insights and provide dealers with enhanced information to more effectively run their business. Building out and driving the adoption of our Fortellis API platform will ultimately result in our goal of providing dealers with access to data and analytics at a reasonable cost.

In order to prepare for these trends, we need an open architecture and technology stack. Fortellis is the only API ecosystem in our vertical. And as a market leader, we are uniquely positioned to champion its development and in the end to benefit from its use as the industry standard. We currently have over 20 APIs in production or beta stage that were developed by both CDK and third parties. For example, Hailer, our ridesharing API with Lyft, is in full production and live with several hundred dealers. An example in the beta stage is our repair order API, which is being tested with major partners and OEMs, including our expanded relationship with Cox Automotive. We continue to open up more APIs, including through the promotion of our developer days and events for building communities.

Our final initiative is about making CDK easier to do business with. We're going to change the way we go to market that will simplify and standardize items such as quotes, catalog lists, installation processes and invoices. The business process modernization program is a multiyear effort that includes both internal changes that will improve our operating and implementation quality and customer-facing external changes like our invoices, which will include more user-friendly layouts, descriptions and content. We've gone out to field test the new invoice format, and the dealer feedback was extremely positive. The team plans a broader pilot of the new invoice starting in the next few months with a rollout to all dealers this year. We're committed to moving forward with these priorities and maintaining our long-term strategy.

Looking out to the rest of the fiscal year with our level of site growth and the continuation of our planned investments, we are confident in reaffirming our full year guidance. And finally, I'm very happy to report that we have settled another lawsuit, this one with MVSC. And Joe will provide more details in his section. But I'm pleased to be able to put another lawsuit behind us and continue our focus on the future. I also wanted to provide a little more clarity on the status of the digital marketing divestiture. We have received a great deal of interest for the asset and are currently in the process of narrowing down the potential options for sale. We hope to close the transaction by the end of the calendar year.

To conclude, I'm very happy with the first quarter progress. I know that we have a lot of work to do in front of us. The investments we're making today will clearly differentiate CDK and are critical components of our long-term strategy. I remain confident in the strategy and our ability to deliver value-added solutions to our dealers, our partners and OEMs as well as solid returns to our shareholders.

Before turning over to Joe, I'd like to thank all of our employees one last time. Their work is producing outstanding results, and I'm proud of what they've accomplished over the last quarter. I look forward to sharing more of their progress with you in the upcoming quarters. So now I'll turn over the call to Joe for the financial results.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Thank you, Brian, and good afternoon, everyone. To reiterate Brian's sentiments, we are pleased with our Q1 results and, in particular, the progress we've made on accelerating revenue growth and the improvements in site counts as well as our team's focus on the area of investments that will allow us to continue on our path towards future revenue growth.

When you look at the business in aggregate, the revenue we've seen has come from stabilization from our core DMS business and accelerated growth in our layered applications. Our profitability is in line with the significant investments we're making in the business in the areas of customer success, sales and marketing and improvements in implementation capabilities and technology. We are happy to be seeing improved results due to our focus on enhanced execution as well as our increased level of investment, and we are excited about the future opportunities. As we look forward to the rest of the year, we remain confident that the business can continue to deliver growth in line with our guidance ranges, and we are reaffirming our annual guidance for revenue, EBITDA and EPS.

Now let me turn to the detailed results, starting with revenues. Total company revenue was up 11% on a year-over-year basis primarily due to growth in our North America DMS and layered application business as well as from acquisition revenue from the purchased ELEAD business. In addition, revenues benefited from changes and accounting for Hardware as a Service under ASC 842 offset by the headwinds from the partner program transition that we discussed on the last earnings call.

During Q1, we passed the 1-year anniversary of our successful ELEAD acquisition, and we are very pleased with the growth we have seen from the business since it was purchased in mid-September of 2018. Growth in North America came largely from subscription revenue, which was up 10% for the quarter as a result of gains from key applications like CRM, service and document management, sold both within our DMS sites and to non-DMS dealers. North America auto site growth increased for the third quarter in a row, with auto sites at their highest level since December 2017. The year-over-year increase was 37 or 0.4% due to growth in 3-plus site groups partially offset by a decline in 1 to 2 site groups. As Brian mentioned, we are seeing improvements in the 1- to 2-site group performance driven by increased sales of our Drive platform as well as much better retention.

I am particularly proud of our overall retention performance of the team in light of the fact that we have been facing a larger-than-normal renewal schedule as a result of the 2-year renewal program executed in fiscal 2018. The peak renewals from this program will occur in our second quarter, and we're quite focused on continuing our retention progress. Given our investments in sales and the customer experience, we are confident that we can grow North America auto sites by 1% this fiscal year. North America transaction revenue was up 4% mainly because of rate increases on certain pass-through prices for credit checks, modestly offset by lower volumes. Other revenue in North America was up $16 million, partially as a result of the changes in accounting for Hardware-as-a-Service under ASC 842 and certain ELEAD business.

Revenue from our international segment was $77 million, down 2% but up 2% on a constant currency basis. Subscription revenue was up 2% driven by strong growth in revenue per site, partially offset by a decline in smaller dealer sites. Revenue from on-site licenses and installations was down by $3.5 million due in part to the timing of a certain point in time revenue that benefited the prior year period. International sites were 12,973, down 2% over last year, attributable in part to the impact of site consolidations and losses in legacy products. While we are not happy with these results, we are seeing some pockets of improvement. Revenue per site saw a strong increase of 10% year-over-year as a result of broadening solution sales to existing customers and higher mix of DMS revenue as a result of site consolidations.

Moving on to earnings performance. EBITDA for the company was $188 million, up 3% over the prior year with a margin of 38.1%, down 310 basis points. Earnings were driven by underlying growth from our DMS and application businesses, offset by incremental investments and headwinds from the partner program transition. Margins were also negatively impacted by the lower margin profile of certain ELEAD business lines. As a segment level, North America pretax earnings were $168 million, up 3% with a margin of 40.1%, down 430 basis points primarily due to the same reasons. For international, pretax earnings were $15 million, down 19% with a margin of 19.9%, down 410 basis points, mainly because of timing of certain point in time revenue that benefited the prior period.

For the total company, our effective tax rate was 25%, and diluted earnings per share were $0.79, up 5%. EPS growth was driven by increases in EBITDA as well as lower share count, partially offset by higher interest expense. Our cash balance on September 30, 2019, was $313 million, of which $243 million was held outside of the United States. Free cash flow was $50 million, which was negatively influenced primarily by a legal settlement payment made during the quarter as well as the timing of collection of receivables. We ended the quarter with a leverage ratio of 3.4x net debt to adjusted EBITDA. We continue to be focused on delivering leverage within our targeted range of 2.5 to 3x with an expectation to return to the top of the range by the end of the fiscal year.

In the first quarter of fiscal 2020, we paid $18.2 million in dividends to shareholders. We are reaffirming our guidance for fiscal 2020 as it relates to revenue EBITDA, EPS, tax rate and shareholder returns. It is worth noting that our guidance absorbs any negative effects of changes in foreign exchange rates. We expect the level of revenue and profitability in Q2 to be similar to Q1 and anticipate an acceleration in the second half based on normal seasonal factors and results from our investments. As Brian mentioned, we are pleased with the recent legal settlement. The claims brought by MVSC were dismissed, and a onetime settlement payment was made in October, which was covered by the $90 million litigation liability recorded last year.

Regarding the status update on our digital marketing discontinued operations, we continue to work with Allen & Company on the divestiture of the business and are in active discussions with potential buyers. We remain committed to completing a sale by the end of the fiscal year, though we would hope to conclude it earlier, and our guidance continues to be based on a calendar 2019 year-end sale.

In closing, we're off to a good start to the fiscal year with much more work to come. We are making the right investments to deliver on our guidance through continued revenue growth and improvements on sites. The progress we are making on several fronts, both operationally and financially, is allowing us to continue to move forward with our growth strategies and is helping to fuel the spending needed for our planned investments and partner program transition. We are pleased with this disciplined and focused execution of our strategy, and I look forward to updating you next quarter.

I'll now turn it back to the operator, and we'll be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from the line of Ian Zaffino with Oppenheimer.

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Nice to see the customer site count increasing. Can you give us an idea of maybe where you've seen increases that you can maybe disaggregate the larger dealers from the smaller dealers and maybe tell us how you did in each area?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Sure. This is Brian. I can start, Ian. I think if you take a look at it, we typically talk about dealers that are like 5 and less and then -- 5 sites or less and then 5 to whatever, 50 or so, and then the really big ones, 50 and above. I'll tell you the really big ones have just stayed very stable for us and not really have we seen an exit or anything nor have they -- we added any of the really, really large ones like that of recent. You heard in our prepared comments that we added a 40-plus dealership on our DMS this quarter. Those will start to be installed in Q1 time frame. So you'll start to see those add to our site count in second half of fiscal year. Where we're seeing a much better retention is in those 5 and below dealer sites where we've really put an effort -- that's where we were seeing most of the retention loss before, we've put a real effort in retaining those. That's where we'll be -- in certainly Drive Flex first as well.

So we've had a retention process, better service, better support, we've talked about that in the calls. And then we've started to work with the dealerships on the beginnings of Drive Flex as well. So when we look across that, I'd say the biggest change in retention is in those 5 and below. We've done pretty well in that midrange, 5 to 50, and you heard we added 1, and then it's been pretty stable at 75 and above or whatever you want to get in the really big ones. But also remember, that's -- we're talking DMS. Layered apps, that's just as important for us in growth and in our revenue forecast. And there, we are seeing add across the board from -- seeing more ELEAD CRM into all the various levels of those dealerships. So the 5 and below, 5 to 50 and 50 and above.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Ian, this is Joe. Just to add some of the numbers to it. So in the 3-plus dealers, consistent with how we've disclosed that in the past, the revenues in that group were up high single digits. And to Brian's point, very consistent performance in the wins and retention. In the 1 to 2s, the revenue was down slightly, the best quarter we've seen at least in the last couple of years. And so -- and like Brian said, a lot of that is from retention. So good performance and improvements in particularly the 1 to 2.

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Okay. Great. And maybe I'm just being a little bit picky here. But on the average revenue per site on the DMS side, we saw a little bit of a tick down, it's only $27. But I'm sorry, -- but basically what drove that? Is that a mix thing? Is there implications on that? What is going on there?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

So when you look at the revenue per site, and I assume you're looking at it sequentially, Ian?

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Correct.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Yes, so when you look at it sequentially, it actually performed quite well. If you recall, we said in our year-end call that we are going to a transition of the partner program. The reduction of those partner program fees came through effective July 1 at the start of the quarter. That put pressure on revenue per site, you'll continue to see that in our rate as we get into Q2, Q3, Q4, consistent with what you've seen in Q1. Underlying rate in the business did grow in line with what we expected. But again, that was more than offset by the partner program transition impact that we disclosed at year-end.

Operator

Our next question comes from the line of Rayna Kumar with Evercore.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

Can you talk a little bit about the trends you're seeing in the international business and when you expect that to return to growth?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Sure. So some of the trends -- this is Brian again, I'll start. Some of the trends we're seeing in the return to growth, we continue to -- a, it stabilized compared to what we saw last year, which was a decline. And we think that we will -- or we continue with this forecast it will be growing back into the second half of the year. That's going to be largely on the back of continued growth in the partner program and some additional applications in the European segment and some growth in China as well this year. And so we continue to see that start to materialize now as we went through the first quarter, and we continue to think that second half of this year will see us back into a growth perspective for international.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Rayna, it's Joe. Just to add a few comments. So while on the top line, it looks like it didn't grow, that was currency related. So the constant currency business did grow this quarter. And we had talked about in my prepared remarks the timing of revenue item that also affected some of the year-over-year comparisons. So I think, as Brian said, we'll see the acceleration in growth as we head into Q2 in the second of the year, and the team has more work to do on the sites, and they're focused on that. But the rate has been impressive, and I think they've got a lot of the right things going.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

That's very helpful. And then just digging a little more into the average revenue per DMS site, should we expect that to continue to be up for the remainder of the year, especially given your increased renewal cycle that you called out? And maybe if you can just tell us a little bit about that 5% increase we saw in North America, how much of that is mix versus actual pricing increases?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Yes, I'll take one at a time. When you look at rate per site and if you go look at the last several quarters and get into the Q2, I wouldn't expect a rate expansion that we've seen in the first quarter as you go Q2, Q3, Q4, principally because of, again, the partner program transition that we've announced. And so when you go look at the comparisons, that revenue per site growth will be more muted, if you will, Q2 to Q4. And then once we get beyond that, it will return more to the mid-single digits, as we've discussed historically. Now what was your second question?

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

Just because you guys have this high renewal cycle, should we expect some actual price increases ex the partner program impact?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

I'd say right now we have a good balance of selling and we're working with our customers to bring more solutions to market. When you look at the application opportunity we have, the sales team has done a great job around bringing the more bundled package, taking the transition of the partner program, combining it with more applications. So I'd say rate for us is more driven right now by bringing and selling more solutions to the customers.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

Right. And just finally, if you can discuss your progress with Drive Flex and maybe this year migration time line for onboarding customers to the new platform.

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Sure. I can start. This is Brian. So if you take a look at Drive Flex right now, we continue to do installs. We've got -- we talked about we had our first OEM in 2019. We added our second OEM certification. We're working on a third OEM certification at this time. We continue to look at having all the OEM certifications towards the end of this year. And so that portion, that's really kind of the rate-limiting step. You have to have all the OEM certifications done in order to really expand beyond 1 or 2 rooftop dealerships. And when you get beyond 1 or 2 rooftops, they start to add multiple OEMs and it just gets complex for us to not have the right combination of OEM.

We are continuing on a pretty good rate, and what we've really been focusing on right now is learning. So as we do each install, each install that's going on with Drive Flex is actually the combination of our normal install team and the engineering team. And I want the engineers in there doing the installation in the start-up of the dealership, so we really understand what is working and not working, difficult on the install. And our goal is, and we've put a target towards the end of this calendar year, so the end of our second quarter, fiscally, to have a series of improvements that reduces the installation time and cost by a significant portion. So the idea here is that Drive Flex will be much easier and cheaper for us to install into a dealer and has gone in and done some of the improvements that we are learning as dealers have actually started to use the software and capacity.

So things like how do you modify forms and how do you get some of the accounting detail out and things like that. So we're quite pleased with the progress, and we're kind of going in parallel with learning and making some improvements while we finish the rest of the OEM integration. And so I think you'll see that -- our target is somewhere sub-100 this year, fiscal year. And you'll see a big ramp as we go into the next fiscal year where we've got all the OEM integrations, so we're really able to take it into our larger set of dealers.

Operator

And our next question come from the line of Matt Pfau with William Blair.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

First one, to start off with the 1- to 2-site dealer segment, and it's great that you're seeing nice improvement and retention there. What do you think needs to happen to flip the switch and get that segment to growth?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

So I think there's a couple of things that needs to occur. One, we need to go out and support them. If you take a look, we said some of the technologies that they were -- really critical to them were going to start to be losing support. I don't think we had the right customer experience. Those are the guys who really needed those extended hours of the call center. They needed the customer success advocates because they don't tend to have the staff and the experience to really manage the software as well as some of the larger operations. So those have been kicking in. I think we'll see it continued. And as Joe mentioned, there's a fairly large number of renewals that are coming up. So it's a great opportunity for us to really up that number set over the next quarter or so. So that will be one set.

The real answer though is something like Drive Flex. Drive Flex really gives them the ability. It's much more like an iPhone. It runs on AWS. If your network goes down, you just pull out literally your iPhone or tablet, and you could run the software. So you're not tied to network capabilities. You have the ability to modify forms to a certain extent. And so their training of salesmen and workers within their organization is going to be much less. And so we think it will be a real efficiency add for the 1- to 2-site dealerships. And that's really going to be a game changer for them.

So as we go into next year, what we are really working on is, hey, while we're getting Drive Flex ready for you and finishing up the OEM integrations, here's our new package of support and continued progress on the existing technologies. Here's your better hours of call center. Here's your better customer support. And you'll be first also on to Drive Flex. That story is going quite well into that portion of the market.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

Yes. Makes sense. And the other thing I wanted to ask about is if there's any update on your initiative to target independent and used car dealers with the Drive Flex platform.

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Yes. So that's a space -- so we continue to do some installs there, and we continue to see the size of the market to be plus-1,000 to 2000, the number varies depending on how you want to size it, dealers that are probably equipped to take on something like Drive Flex. But what we really want to do is get the installation cost and time down before we really attack that market because that is a market that is going to be more cost sensitive and we really got to get the initial cost of the technology to be a bit lower.

So the good thing is, to me, on Drive Flex that just kind of summarize it is, it's out there, it's working in dealers, and we're now in the point of refining it. We're refining the cost. We're refining the speed of installation. We're refining the last few things we want to improve on the technology architecture itself. We're making some improvements on the data architecture, for example. And that's a very different spot than, it's about to come

out or it's waiting for the next release. And so for the independents what I really want to do is, I need to get that install time and cost down before we really attack that market. So I think you're looking at we'll start hitting that one hard in the second half of this year.

Operator

And our next question comes from the line of Tim Willi with Wells Fargo.

Timothy Wayne Willi - *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

I have a handful of questions here. Wonder if I could ask about Fortellis. Is there a way to -- apologies if this was asked before, sort of bouncing back and forth between calls, but is there any way to think about the timing in your mind that Fortellis really begins to have an impact around revenue, either as sort of a discrete line item? Or is it just again a reason for deeper relationships with existing dealers or ultimately obviously bringing on new rooftops and new relationships?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

So from -- so let's talk about Fortellis and kind of where are we, what's running and then we could talk -- to get to the root of your question, okay, is it something that is revenue generating or is it something that is more focused on the ecosystem and the tighter relationships. The answer to that question by the way is it's a bit of both. But let's take a look at Fortellis. There are about 20 APIs the last time I checked, it continues to grow, that are up and running or in development, final stages of development on Fortellis. And 2 really good examples we use is our Hailer application, which is an application tied to Lyft that allows them to, from the DMS, follow Lyft vehicles for the customer. If you have cars in for maintenance or you've come in to look at a car or something like that, traded the car in. That's running in several hundred dealers. We continue to sign up lots of dealers every month, and that is a revenue generator in its existing form. We get a percentage of each Lyft that's called, and it is starting to generate revenue.

So it doesn't cost anything to install the software. This is a good example of how these programs will work to some extent. It costs nothing to install the Hailer program. It sits as an added feature inside the DMS. And it's -- our pay is based on the percentage of the use. And so the dealer has to see benefit, so we continue to see that that's growing nicely. The other one is our Repair Order. That one we've talked about Cox being the lead partner there. And that's really to build a deeper relationship, to start allowing our dealers to have more choice. And we think that will be a differentiator for our DMS and CDK in general, the open agnostic, look, we are here to give you the best solution. And we do get paid for repair order, but the real functionality there is about building that deeper relationship, both with Cox and with our dealers, allowing them to have more choice.

So both of those are good examples. We are getting paid on those. I don't think you'll see it change the needle of our revenue chart for a couple of years. Is that 3 years or 4 years? I don't know yet. But it's not this year, and it's probably not next year. That it's going to be a big shift in our revenue scheme. But what you're really seeing is much deeper relationships, much more opportunity for the dealers. The dealers, several dealers are starting to look at moving some of their internal applications on to Fortellis. And so all of that ecosystem as it builds, it's good for the industry, it's good for our dealers and, in the long run, it will be good for CDK.

Timothy Wayne Willi - *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

Great. And then I had just 2 follow-ups. The first one was just going back around the low end of the market, those 1 and 2 sort of dealer rooftops where you said there are still some -- I think you've said they were still down a little bit, but trends are improving. And I guess I'm just curious that within that discussion of those customers being down, assuming that there are new customers coming on but just more leaving, though you're improving that trend, is there anything to call out around those new relationships at the low end in terms of products being purchased, revenue characteristics that just would sort of point to a -- the productivity and the future around the revenue growth and margin in that segment of the market as you continue to fix the retention issue and really build on the sales productivity side?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Okay. So I think I understand your question. But let me start. And as I answer it, if Joe thinks I've missed the question or -- we're both kind of looking at each other trying to make sure we understand the question. But...

Timothy Wayne Willi - *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

Let me rephrase it. Our new customers at the low end, that are coming on, right. So I'm assuming that you're bringing on new customers at the low end, but you also have an attrition issue, with customers leaving and that's still sort of outweighing, but it's getting better. So are the new ones that you're bringing on in terms of revenue profile, product purchase profile relative to those that you're losing, is it a different characteristic, one that we would consider to be encouraging as you continue to build and fix the low end of the market?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Yes. I don't know if we've really got the absolute numbers for you. But let me give you kind of the general trends and what we're seeing. This is a segment in the market that we said we -- we're not going to -- we were not providing them the right level of support, both in the technology and architecture and in just general business support. So by going out now and saying okay, look, we made a mistake, we're here to help, we're going to move you along the technology curve. What we've gone out and done now is really said, hey, look, you -- we can provide you a solution today with Drive. We can continue to make improvements in your existing architecture, and we can move you first off to Drive Flex.

In addition, we've started going into several of these dealers and showing them even though they tend to be smaller, applications like ELEAD CRM or our service applications are oftentimes very applicable to those dealerships, and they've been undersupported in that area. So in general, and I think this is something that we are not talking enough on this call about is, if you take a look at what we're trying to do, and Joe mentioned this in his prepared remarks and we've tried to talk about this a bit, is it's not just walking into a dealership, whether they're a 1 and 2-dealer rooftop dealership or 50-rooftop dealership, you can't just sell them a DMS, really. You really need to sell them solutions, and you need to bring them that this bundled package, the CRM, the DMS, the service application, all of these things and our open agnostic, hey, if you see some other applications you need that fit your specific business, that solution, that combination is going to be an improvement. It's either going to provide you the ability to serve more customers with the same resources or reduce your resources, but we're going to show you an improvement in your business operation by doing these packages of products and solutions.

And we're really focused on that. And that's with those 1 and 2 dealers as well. So the ones we're signing up are signing up more with these bundled packages that have more of our applications. We're not necessarily charging them more for the DMS. We're selling them more solutions and giving them more capability. And they're able to utilize it and improve their operations as a result. So from a big picture, we're selling, yes, more. If you take a look at it, more software per dealer in that space, whether it's typically the renewal or the new ones that we're bringing on. But it's not because we're charging more for the DMS. In many cases, we may be selling them a bundle that just is -- the DMS price may be down, up, it doesn't really matter because the combined bundle is what they're really looking at. And it may be cheaper than what they're currently using or it's going to provide them opportunities that they currently don't have.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Yes. And the only thing I would add is, I mean, when you look at the revenue, of what Brian is saying, what it translates into is, revenue per site growth that is healthy from the bundling. And listen, the Drive platform is a great platform. And it can -- when you bundle in all the other integrations can deliver success for a dealer. And I think we've pivoted hard to this bundled strategy, and it's showing up in the revenue per site.

Operator

And our next question comes from the line of Gary Prestopino with Barrington Research.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

Most of the questions have been answered. But I guess first of all, I just want to -- try to get something clear here, this Drive Flex is for 1 to 2-point dealerships. And really, is the initial thrust here, once you get all of the certifications, is to go out and sell it to your existing base of 1- to 2-point dealers and getting that to sell but really convert, and that's going to have a big impact on retention. Is that kind of a correct assumption?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

You're thinking too small. So Drive Flex is really designed to be modular, and it has the ability to scale by both in its data set and its ability to integrate applications and OEMs. So it's really designed for anywhere from a single rooftop to 1,000 rooftops. And so if you took -- if we are all sitting here on a call 10 years from now, I would expect the majority of our dealers to be on Drive Flex by that time. And so whether they're a 400 dealer rooftop or a single dealer rooftop, we would have them on there.

Where you see it starting in the 1 and 2 rooftop dealers is because of the ability -- oftentimes, as we add OEMs, it becomes easier to fill the 1 and 2s. They may all have just GM or they have GM and Ford for a town, and we've got that combination, so we can go fill their needs quicker. So it's more of the ability to quickly do that. And then some of the modules that we need to add because, remember, each OEM requires a different reporting algorithm set for how the dealership reports the financials up to them. But then the dealer wants to roll those up across all of those OEMs. And so we have to be able to provide each of those modules. We have to provide a Ford module for rolling up that Ford dealership into the OEM and a GM and FCA and so on, and then we need to provide a different module to aggregate the dealerships for the dealer group. And so those modules are just modules that we develop at a later state and oftentimes have to be kind of handcrafted based on the combinations or how those dealer groups want to see things.

And so you just see the multisite dealers and multi-OEM dealers tend to be a little bit later in the ramp of the technology. So I wanted to make sure you're opening up your thoughts of what Drive Flex was going to go to. And our approach right now is to actually, as we go out is to go, I'd say, equally in both converting our existing groups and going and acquiring new ones. So our intention is not to just use Flex to convert the existing business and number of sites, but we think it's a really competitive advantage in a differentiated technology that will allow us to go compete against our competitors at a level that they are not going to be able to deliver. And so we're going to go after additional sites as well.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

Can an OEM actually or can a dealer actually sign up for this before an OEM certification is approved?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

No. Because the OEM would require -- like -- so we have people -- I guess I want to make sure I answer your question. We have people signed up in anticipation of an OEM integration being completed because we have schedules. So for example, we may not have Toyota done, but we say, we're going to have Toyota done in the first quarter of next calendar year, third quarter for fiscal year. And so we could sign you up for the end of that quarter, for example. But we wouldn't install it and get you up and running prior because you wouldn't be able to report financials officially up to that OEM, and that would be a big problem for you as a dealer.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

And did I hear you right that you said all the OEM certifications will be done by the end of this calendar year?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

No. It's probably more like the end of the fiscal year. So the majority of the big ones will be done at the end of the first quarter and then there's -- remember, there's over 30 OEMs.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

Right. No, no, I get that. But I guess the question I would have then, as you got this 40 site win, all right, is this going to be an application of the Drive Flex going forward? And if it isn't, then what was the competitive -- what was the competitive issue that allowed you to take this away? What did they come back to you with, let's say, you won this business?

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

So that will not be a Drive Flex -- now, don't forget, so it will be Drive for the most part. We can run Drive Flex and Drive in the same dealer group once we get the OEM certifications. So for example, we may, at some point, once we get some of the other integrations done, the last few could be Drive Flex. You can -- you don't have to be all or nothing, as an example. So we have the ability to really mix and match as we go along. What's winning is the same thing that we've talked about here in this discussion about why our retention is better, why we hit the highest number of sites in total in the company's history as it starts with customer support. The call center hours, the customer success advocates, the post-install team. It moves on then to the sales group putting these bundles together and showing people real value and that we can actually provide them a package set of solutions that are better performing with better support for a better cost. And that's what's winning right now, both from a retention standpoint and these new acquisitions of sites as well.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Gary, for the nontechie in the room, because I just think that we've done a lot around just -- there's so much progress and good things happening in the quarter, Drive product and a fine set across the value chain of how we engage with customers. And so our focus is, that's every day what the sales team is driving with installation, what the customer support teams are driving. And we expect to see those benefits, and we expect to see those benefits improving as the year goes on. And we're doing the right things for the long-term with Drive Flex, and we're going to be patient with it and do it in a very good quality way. And so it's quite a good balance and yielding the results we are looking for.

Operator

And I'm showing no further questions. I will now turn the call back over to CEO, Brian Krzanich, for closing remarks.

Brian M. Krzanich - *CDK Global, Inc. - President, CEO & Director*

Thank you. I just want to thank everyone for being on the call this evening and I want to again say we had a great quarter. I thank the employees for all the work that they have done. And I want to thank you all for your great questions and your time this evening. So thank you very much. Good evening.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.
